

**WISCONSIN MEDICAID  
RURAL HEALTH CLINIC TRIAL BALANCE OF EXPENSES, RECLASSIFICATIONS, AND  
ADJUSTMENTS INSTRUCTIONS**

Wisconsin Medicaid requires information to enable Medicaid to certify providers and to authorize and pay for medical services provided to eligible recipients.

Personally identifiable information about Medicaid providers is used for purposes directly related to Medicaid administration such as determining the certification of providers or processing provider claims for reimbursement. Failure to supply the information requested by the form may result in denial of Medicaid payment for the services.

The use of this form is voluntary, but providers must collect and maintain all information on the form in some format if they wish to submit a cost report.

**INSTRUCTIONS:** The Rural Health Clinic Trial Balance of Expenses, Reclassifications, and Adjustments form is **to be completed by provider-based rural health clinics (RHCs) only** and submitted to Wisconsin Medicaid along with the following forms, which constitute the annual cost report:

- Rural Health Clinic Statistical Data form (for provider-based and independent RHCs).
- Rural Health Clinic Settlement Determination form (for provider-based and independent RHCs).
- Rural Health Clinic Commercial Insurance-Primary/Medicaid-Secondary Encounters Submitted to Medicaid HMOs form (for provider-based and independent RHCs).
- Rural Health Clinic Medicaid Encounters Submitted to Medicaid HMOs form (for provider-based and independent RHCs).

Use this form to record the trial balance expense accounts from the RHC's accounting books and any necessary reclassification and adjustments to these accounts. All reporting must be made on an accrual basis. For end-of-year cost reports, use the RHC's actual trial balance.

**Cost Centers**

Rural health clinic cost centers are divided into the following groups:

- Facility health care staff costs: On Lines 1-11, record the costs of employing staff to provide services to eligible Medicaid recipients. Not all of the listed cost centers will apply to each RHC. If the form does not provide sufficient space, enter aggregate amounts under "Other" (Lines 10 and 11), where appropriate, and provide a supporting schedule to list items included in the aggregate amounts.
- Other health care costs: On Lines 13-20, record the costs of medical services that are "incidental to" physician, physician assistant, nurse practitioner and nurse midwife providers.
- Costs other than RHC services: On Lines 41-47, record costs for providing Medicaid-covered services that are non-RHC services.
- Nonreimbursable costs: List any costs that are not covered by Medicaid.

Round all figures to the nearest whole dollar.

**Columns 1 through 3: Compensation/Other**

The expenses in these columns must be listed in accordance with the RHC's accounting books and records.

Enter on the appropriate lines in Columns 1 and 2 the total expenses incurred for the period of the report. Detail the expenses between Compensation (Column 1) and Other (Column 2). Column 3 equals the sum of Columns 1 and 2.

To the extent possible, amounts listed on the Trial Balance of Expenses, Reclassifications, and Adjustments form, Columns 1 and 2, and/or the total in Column 3, should agree with the RHC's audited trial balance. If the RHC's trial balance is in a format that does not conform with the Trial Balance of Expenses, Reclassifications, and Adjustments form's format, prepare a separate bridging worksheet that shows how the amounts reported on Trial Balance of Expenses, Reclassifications, and Adjustments form, Columns 1 and 2, were determined. Retain the bridging worksheet, as Wisconsin Medicaid may request to review it.

**Column 4: Reclassifications**

Use this column to reclassify expenses within the cost centers for proper grouping of expenses. Reclassifications are used in instances where the expenses applicable to more than one of the cost centers listed on the form are maintained in the RHC's accounting books and records in one cost center.

For example, if a physician performs some administrative duties, the appropriate portion of his or her compensation and applicable payroll taxes and fringe benefits, would need to be reclassified from "Facility health care staff costs" to "Other health care costs — administrative salaries."

Rural health clinics must provide a worksheet explaining the reclassifications with the completed cost report.

Show reductions to expenses in brackets. The net total of the entries in Column 4 must equal zero.

**Column 5: Reclassified Trial Balance**

Column 5 is the net balance of Columns 3 and 4. The total of Column 5 on Line 53 must equal the total of Column 3 on Line 53.

**Column 6: Adjustments**

Column 6 is used to indicate the amount of any adjustments to the RHC's reclassified expenses. Adjustments may be required to increase or decrease expenses in accordance with the Medicare and Medicaid rules on allowable costs. Examples of situations in which adjustments to expenses are required are when an RHC:

- Has transactions with a related organization.
- Receives restricted grants and gifts.
- Receives an allocation of cost from a hospital or nursing home.
- Incurs costs for services that are not eligible for Medicaid reimbursement, whether or not they are for a Medicaid recipient (see the Noncovered Services chapter of this handbook for more information) — reported on lines 49-51 under "Nonreimbursable costs."
- Receives revenues that directly reduce expenses (e.g., receives rent for space where costs are reported as expenses).

Show decreases to expenses in brackets.

Provide a worksheet explaining the adjustments with the completed cost report.

**Column 7: Net Expenses**

Column 7 is the net balance of Columns 5 and 6. The total of Column 7 on Line 53 must equal the total of Column 5 on Line 53.